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Group-Washington

August 2, 1995

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

**EX PARTE**

William F. Caton  
Acting Secretary  
Federal Communications Commission  
Mail Stop 1170  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Dear Mr. Caton:

Re: *CC Docket No. 95-72 - Changes to Subscriber Line Charge Rules for ISDN and Other Derived Channel Services*

Yesterday, Pat Lanthier and Tom Bayless of Pacific Bell and I met with Claudia Pabo and Lisa Gelb of the Policy and Program Planning Division of the Common Carrier Bureau and with John Nakahata of Chairman Hundt's office to discuss the attached materials. Please associate this material with the above-referenced proceeding.

We are submitting two copies of this notice in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Attachment

cc: Claudia Pabo  
Lisa Gelb  
John Nakahata

No. of Copies rec'd 2  
List A B C D E

# ISDN Product Analysis

August, 1995

**PACIFIC**  **BELL**

# Growth Strategy

- ❑ Move ISDN into the mainstream and mass markets.
- ❑ Create asy to use (and install) "plug-and-play" solution .
- ❑ Position Pacific Bell as the leader in ISDN technology and as the premium provider of the "information highway" in California.
- ❑ Deliver the lowest priced and widely available switched digital service.
- ❑ Form strategic partnerships and alliances.
- ❑ Expand sales and distribution channels.
- ❑ Focus growth on key applications: telecommuting, remote LAN access, on-line services / internet access, point-of-sale (credit verification), desktop video conferencing and analog voice to digital upgrades.
- ❑ Utilize industry standards to streamline processes.

# How We Will Get There (examples)...



Available everywhere...  
"Off The Shelf"  
Plug-N-Play"

**PACIFIC**  **BELL**

# What Does ISDN Cost? (In California)

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Technology	Pacific Bell Products	Installation	Monthly
ISDN BRI (Basic Rate Interface)	<b>Centrex ISDN</b> <ul style="list-style-type: none"><li>• Includes Centrex service</li><li>• Minimum of 2 lines</li></ul>	\$150* plus \$70 for Centrex line	\$31.65 + usage**
	<b>ISDN</b> <ul style="list-style-type: none"><li>• Single line ISDN for business</li><li>• Includes 1MB business line</li></ul>	\$125* plus \$70.75 for 1MB	\$26.04 + usage \$24.82 if single line
	<b>Home ISDN</b> <ul style="list-style-type: none"><li>• Single line ISDN for home</li></ul>	\$125* plus \$34.75 for 1MR	\$24.50 + usage***

\* Waived for a 2 year in-service period

\*\* Usage sensitive for out-of-Centrex calls only

\*\*\*Usage charged between 8 AM and 5PM, Monday through Friday

# One Phone Call Could Pay for Your ISDN Service

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## *International File Transfer Times and Costs*

*California to Japan, average rates, not including taxes.*

*Twenty Megabit File*

*Time*

*Cost*

**14.4Kbps modem**

**23.1 minutes \$29.85**

**ISDN at 90 Kbps**

**3.7 minutes \$6.32**

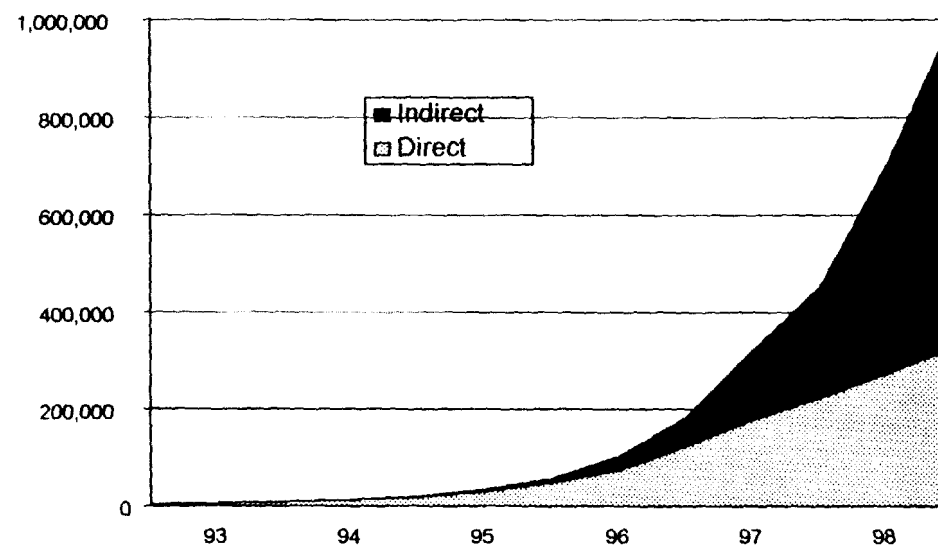
**Savings = \$23.53**



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**PACIFIC \* BELL.**

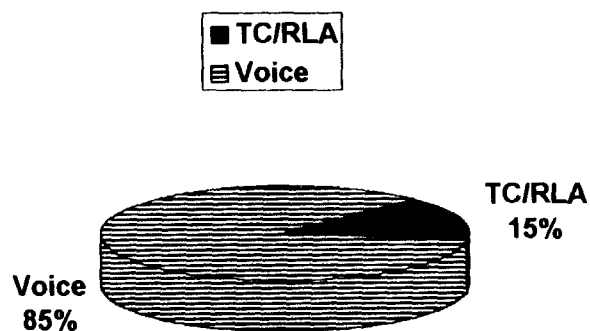
## ISDN Product Forecast - 1993 to 12/31, 1998



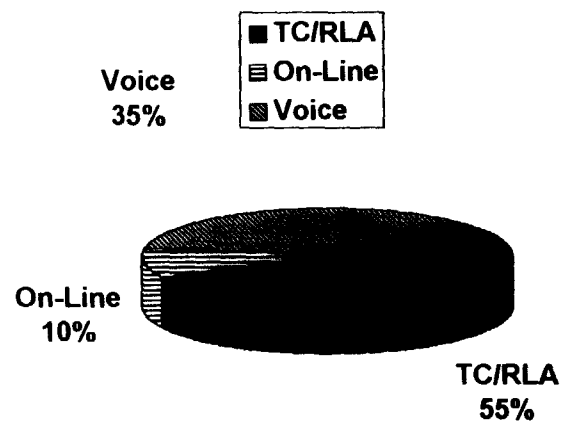
Includes BRI, PRI, CENTREX ISDN & Company Business

# Changes in Customer ISDN Application Mix: Embedded Base Mid 1994 vs. New Lines Added in 1995

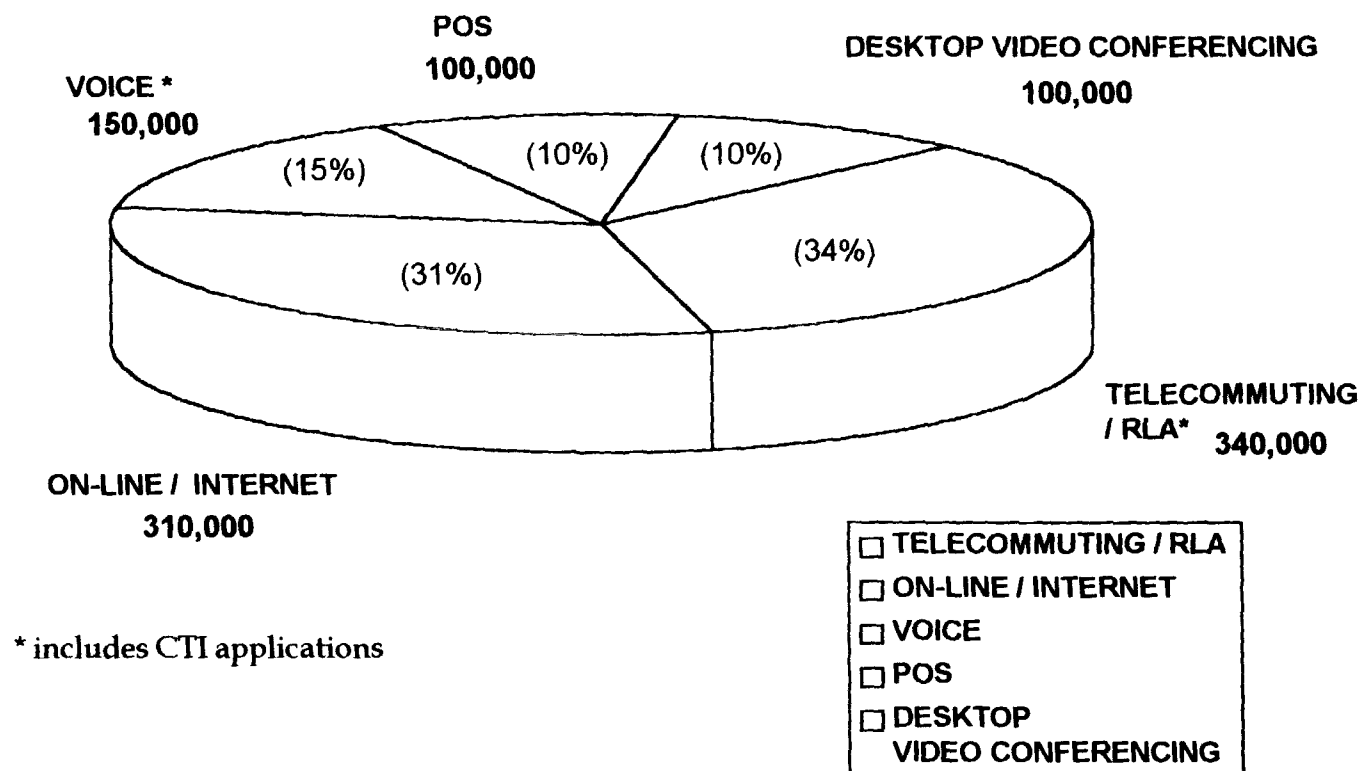
Embedded Base Application  
Mix, May 30, 1994  
(aprox 24,000 lines)



Application Mix of  
New Lines Added 1/95 - 5/95  
(aprox 10,000 lines)



# Projected Customer ISDN Application Mix EOY 1998



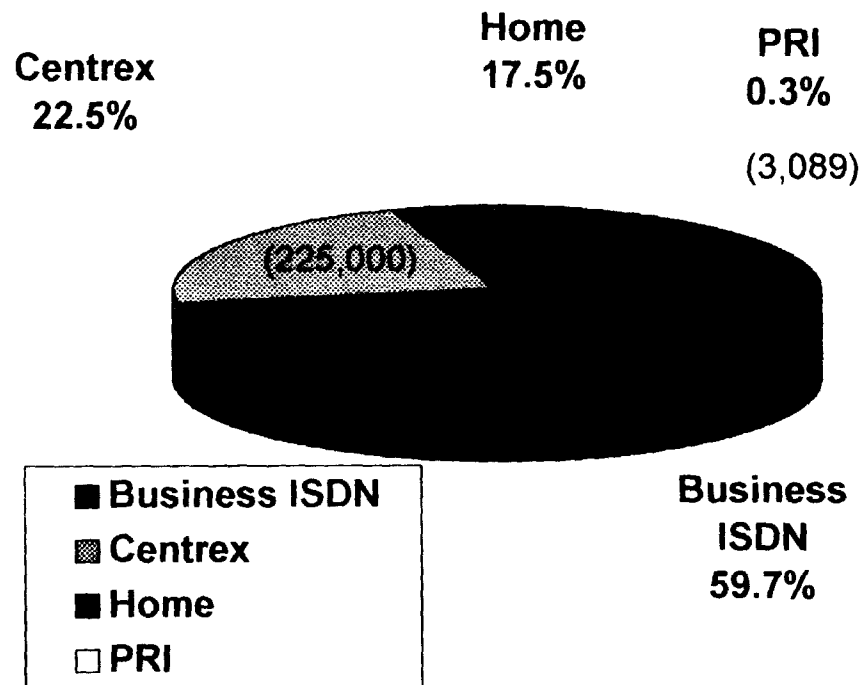
## Applications Targeted For Use In Homes (from the 1 million 1998 target)

- ❑ Telecommuting / Remote LAN Access (310,000)
- ❑ On-line Services / Internet Access (340,000)
- ❑ Desktop Video Conferencing (partial target 40,000)

**Total Targeted Household Lines =**



# ISDN Product Mix, EOY 1998



	EOY 95	EOY 96	EOY 97	EOY 98
ISDN	24,286	81,636	267,586	596,911
Centrex	35,000	92,500	145,250	225,000
Home	1,000	9,250	34,750	175,000
PRI	714	1,614	2,414	3,089
Total Products	61,000	185,000	450,000	1,000,000

## The Potential ISDN - Related Marketplace

**- Here now - Global - Many Players - Huge \$ \$ \$ and Social Potential**

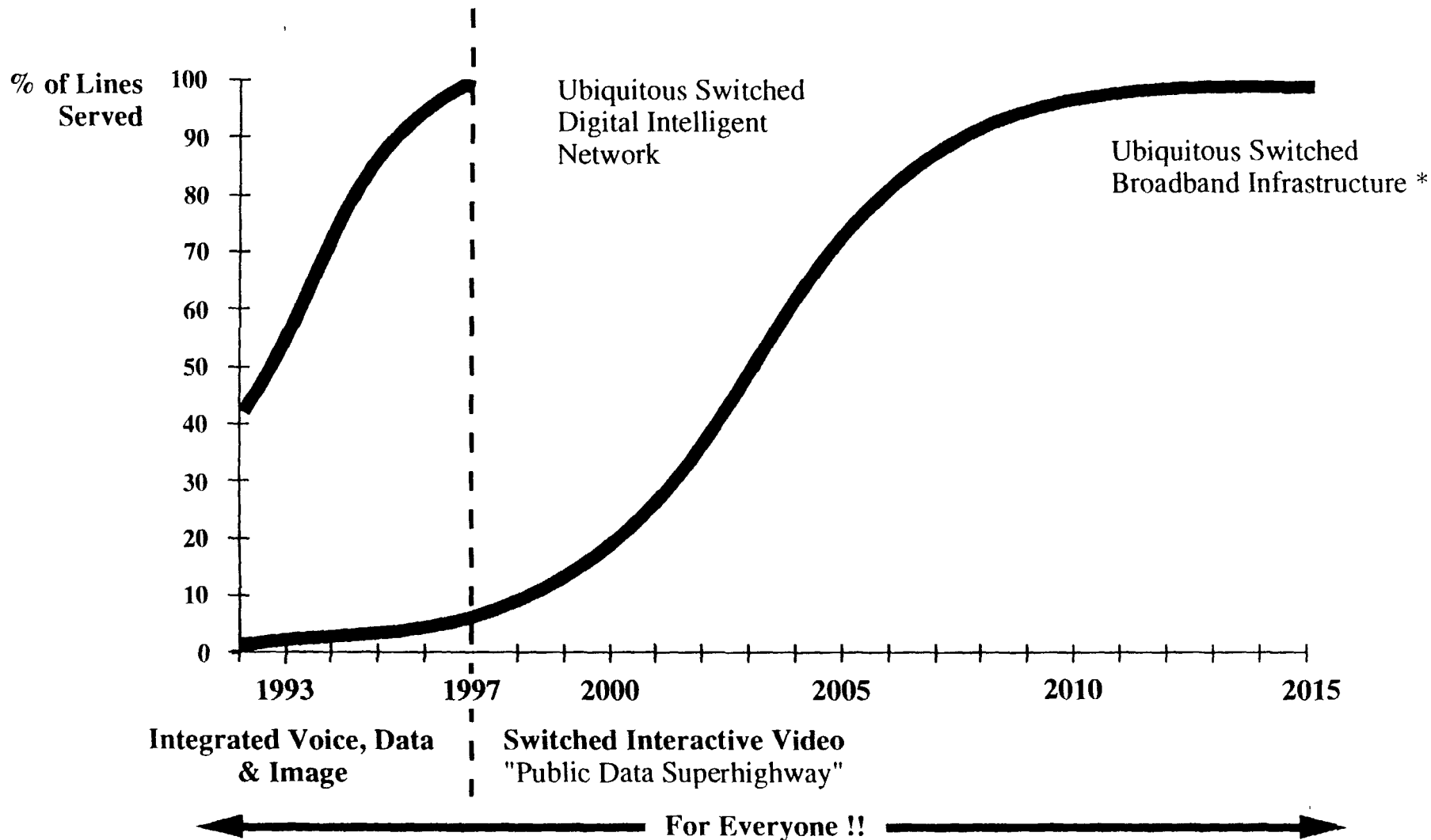
<b>Local Exchange Carriers</b> <ul style="list-style-type: none"> <li>- Ameritech</li> <li>- Bell Atlantic</li> <li>- BellSouth</li> <li>- GTE</li> <li>- NYNEX</li> <li>- Pacific Bell</li> <li>- Southwestern Bell</li> <li>- 1000 + other LECs</li> </ul>	<b>Inter Exchange Carriers</b> <ul style="list-style-type: none"> <li>- AT&amp;T</li> <li>- MCI</li> <li>- Sprint</li> <li>- Other</li> </ul>	<b>Internet Service Providers</b> <ul style="list-style-type: none"> <li>- PSI</li> <li>- Netcomm</li> <li>- Microsoft/UUNet</li> <li>- Certnet</li> <li>- Internex Tiara</li> </ul>	<b>Information Service Providers</b> <ul style="list-style-type: none"> <li>- America Online</li> <li>- Prodigy</li> <li>- Compuserve</li> <li>- 50,000 BBS</li> </ul>	<b>Telephone Sets</b> <ul style="list-style-type: none"> <li>- AT&amp;T</li> <li>- Fujitsu</li> <li>- Northern Telecom</li> <li>- Lodestar</li> </ul>
<b>Data Comm Customer Premise Equipment</b> <ul style="list-style-type: none"> <li>- Combinet</li> <li>- Ascend</li> <li>- Network Express</li> <li>- Intel</li> <li>- Motorola</li> <li>- Cisco</li> <li>- IBM</li> <li>- 3Comm</li> </ul>	<b>Video Conferencing Equipment</b> <ul style="list-style-type: none"> <li>- Picturetel</li> <li>- Compression Labs</li> <li>- British Telecom</li> <li>- VTEL</li> <li>- Intel</li> <li>- AT&amp;T</li> <li>- Nortel</li> </ul>	<b>Switch Vendors</b> <ul style="list-style-type: none"> <li>- AT&amp;T</li> <li>- Nortel</li> <li>- Siemens</li> </ul>	<b>Systems Integrators</b> <ul style="list-style-type: none"> <li>- IBM</li> <li>- EDS</li> <li>- Andersen Consulting</li> </ul>	<b>Applications Developers</b> <ul style="list-style-type: none"> <li>- Microsoft</li> <li>- Computer Associates</li> </ul>
<b>Computer Hardware Manufacturers</b> <ul style="list-style-type: none"> <li>- Compaq</li> <li>- IBM</li> <li>- Apple</li> <li>- Dell</li> </ul>	<b>Computer Software</b> <ul style="list-style-type: none"> <li>- Microsoft</li> <li>- IBM / Lotus</li> </ul>	<b>Multimedia</b> <ul style="list-style-type: none"> <li>- 2000 firms in S.F. Bay Area alone</li> </ul>	<b>Education</b> <ul style="list-style-type: none"> <li>- Education First (CA - 9000 + schools)</li> <li>- California Life-Long Learning (CALL)</li> </ul>	<b>Distributed Work</b> <ul style="list-style-type: none"> <li>- Virtual Office Consultants</li> <li>- Clean air benefits</li> </ul>

....plus - many, many others

**Policy Makers Should Support Affordable, Available, Uncomplicated ISDN**

# Pacific Bell's Commitment to California...

- 1997: Ubiquitous Switched Digital Intelligent Network
- 2015: Ubiquitous Switched Broadband Infrastructure



\* Projected curve based on extrapolated available data

Chart 1

## **Pacific Bell Recommendations**

### **Re: ISDN End User Common Line Charges - CC Docket 95-72**

- **Listen to the voice of those affected by the choice**
  - overwhelming support for 1 SLC per facility\*
  - 1000's of customers, carriers, manufacturers, developers, etc.
- **Rule quickly to support this efficient and current NII technology**
  - demonstrate FCC support for the NII / GII
  - "GLOBAL '95" ISDN event - Nov. '95
- **Address broader cost recovery issues elsewhere**
  - broad-based access charge / subsidy reform proceeding(s)
- **Be fair**
  - do not force LECs to impute multiple derived channel charges while precluding recovery through the carrier common line rate element

\*a.k.a. 1 SLC per offering or 1 SLC per service

NII = National Information Infrastructure  
GII = Global Information Infrastructure